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C O N F I D E N T I A L SECTION 01 OF 02 TOKYO 002988

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SUBJECT: ASSISTANT SECRETARY BOUCHER,S MAY 30 MEETING WITH  
VICE MINISTER YACHI ON THE U.S.-INDIA CIVIL NUCLEAR  
COOPERATION AGREEMENT

Classified By: Ambassador J. Thomas Schieffer for Reasons 1.4 b/d

1. (C) Summary. During a May 30 meeting with MOFA Vice Minister Yachi to discuss the U.S.-India Civil Nuclear Cooperation Agreement, SCA A/S Boucher said that he expected congressional approval for necessary amendments to U.S. domestic law. India and the U.S. must also satisfy NSG partners before the agreement can come into force. IAEA Director General ElBaradei supports the agreement and does not expect major obstacles to reaching a safeguards agreement with India. A/S Boucher urged Japan to view the agreement from a strategic rather than a narrow nonproliferation perspective. VM Yachi noted that the agreement may be discussed by PM Koizumi during his late June meeting with the President. Separately, Boucher encouraged Japan to work with the United States to quickly complete the Kandahar-Herat Road. End summary.

2. (C) Assistant Secretary of State for South and Central Asia Richard Boucher met May 30 with Vice Foreign Minister Shotaro Yachi to discuss the U.S. - India Civil Nuclear Cooperation Agreement. Yachi had requested a briefing from A/S Boucher because he was scheduled to brief Prime Minister Koizumi and Foreign Minister Aso on the agreement later that same day. A/S Boucher explained that four key elements still need to be put in place before the agreement can come into force:

- the United States must amend its domestic laws to allow the transfer of nuclear materials and technology to India;
- the Nuclear Suppliers Group (NSG) partners must revise the necessary guidelines to accommodate India's participation;
- the United States and India need to finalize a formal bilateral agreement; and
- India must work with the International Atomic Energy Agency (IAEA) to develop and implement a comprehensive safeguards agreement.

3. (C) A/S Boucher told Yachi that the Bush Administration

is working with the U.S. Congress to get approval for the agreement in the next couple of months. Disagreements remain about approval authorities, but those are expected to be resolved. There also is a discussion about the broader nonproliferation implications of the agreement. A/S Boucher noted that a large number of congressmen understand the strategic benefits to the agreement and want to see it go forward. Yachi told A/S Boucher that the agreement is likely to be on the agenda during Koizumi's meeting with President Bush in late June. Although Japan has a generally positive view of the agreement, it must act with caution regarding the non-proliferation implications because of Japan's history as a victim of nuclear weapons.

¶4. (C) The United States does not expect any decisions on the agreement to come out of this week's NSG meetings in Brasilia, according to A/S Boucher. India is in the process of answering questions posed by various NSG members, particularly regarding the details of India's negotiations with the IAEA.

¶5. (C) The United States already has submitted to India a proposed draft of a formal U.S. ) India bilateral agreement on civil nuclear cooperation. India has responded with a counterproposal, indicating there is ample room to work out any lingering differences, A/S Boucher said. A/S Boucher told Yachi that the head of India's Atomic Energy Agency recently visited the IAEA in Vienna for discussions on a safeguards agreement. IAEA Director General ElBaradei has told the U.S. that he supports civil nuclear cooperation with India and does not expect any major obstacles in reaching a safeguards agreement with India.

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¶6. (C) The United States sees the agreement as a major step forward in its relationship with India, A/S Boucher stated. The civil nuclear cooperation agreement is just one area of new cooperation between the U.S. and India, however. A/S Boucher explained that the U.S. and India are also increasing joint military training opportunities, such as joint exercises, and recently concluded joint science and technology agreements on clean energy, such as clean coal and wind power. The U.S. and India are also increasing their cooperation on democratic initiatives in South and Central Asia; India recently increased its contributions to Afghan reconstruction assistance and is increasing its involvement in central Asia, according to A/S Boucher. For those reasons, A/S Boucher urged Japan to view the agreement not strictly from a nonproliferation perspective, but also from a strategic one.

¶7. (C) Yachi asked if the generally pro-India sentiments in the U.S. Congress were the result of generally anti-Chinese feelings and the widely held view that a rising India can balance a rising China. A/S Boucher responded that India-China dynamics are more complicated than that argument suggests. Nonetheless, a stable and prosperous India is good for the region. A/S Boucher noted that the natural linkage between energy producers in northern Central Asia and energy consumers, notably India, in southern Asia gives those countries options outside of Russia and China. The U.S. views Afghanistan as the linchpin in the arrangement and hopes to see more involvement by Afghanistan in regional affairs. A/S Boucher also argued that the Afghan Ring Road is essential to extending government control into the provinces, improving internal security and fighting narcotics trafficking. Recent U.S. suggestions for the Ring Road are aimed at quickly finishing the project and are not meant to steal the limelight from Japan's role in the project.

¶8. (C) India and Australia were included in last year's East Asia Summit in order to showcase their common values, such as liberal democracy, the rule of law, and human rights, to the other participants, Yachi noted. While Japan has no intention of using the East Asia Summit to overshadow APEC,

Yachi said, it sees APEC as having a restricted membership. The East Asia Summit provides an alternative as an open regional forum to which the United States would be welcome, he suggested.

19. (U) A/S Boucher cleared this message.  
SCHIEFFER